

LEASE AGREEMENT

THIS LEASE AGREEMENT made and entered into this 1st day of August, 2013, by and between PRAIRIE HILLS, L.L.C., a South Dakota Limited Liability Company, of Brookings, South Dakota ("Landlord") and THE LANDING HOMEOWNERS ASSOCIATION, INC., a South Dakota Not for Profit Corporation, of Brookings, South Dakota ("Tenant").

I. Premises. In consideration of the rents to be paid and the covenants and agreements to be performed, Landlord does hereby lease unto Tenant the premises ("Premises") consisting of the real property described below and the building located thereon known as THE LANDING COMMUNITY BUILDING or "THE WHEELHOUSE" ("Building".) The real property upon which the community building is located is legally described as follows:

Lot One (1) of Block Four (4) of Prairie Hills Addition to the City of Brookings, Brookings County, South Dakota.

Notwithstanding anything contained herein to the contrary, Landlord shall have a continuing right to the use of the Building for Landlord's real estate activities related to THE LANDING or PRAIRIE HILLS, L.L.C. Furthermore, Landlord shall be allowed access to the building and premises, by payment of an appropriate use fee, for gatherings hosted by the officers, employees and members of the Landlord. The fee charged the Landlord shall be the same as any scheduled fee for use of the building and premises by members of THE LANDING HOMEOWNERS ASSOCIATION which schedule is provided for in the

Declaration of Covenants and Restrictions of THE LANDING, as amended and filed at the Register of Deeds in and for Brookings County, South Dakota. Any use of the building or premises by Landlord for any non-real estate purpose related to THE LANDING shall be upon reasonable notice pursuant to any calendar or scheduling rule established by the Tenant.

II. Term. The Term of this Lease shall be for a period of fifteen (15) years commencing on the date of occupancy and expiring midnight, the day before the fifteenth anniversary thereafter. The parties understand and agree that the building is currently under construction with an anticipated completion date of August 1, 2013, which date shall be the Lease commencement date under this Agreement. The initial Term of this Lease, together with all extensions or renewals thereof shall be collectively referred to herein as the "Term".

Tenant shall have the option to lease the Premises for an additional ten (10) year period from and after the expiration of the initial 15 year Lease at the same terms as during the initial period, except rent as set forth in Section III. In the event Tenant desires to exercise its options for the additional option period, Tenant shall give notice in writing of its intent at least ninety (90) days prior to the expiration of the initial Term or any option.

III. Rent. During the initial Term of this Lease, the base

rent shall be \$1.00 per year. Base rent shall be payable to the address of the Landlord or as otherwise designated in writing and shall be due on or before the first day of each lease year. Tenant shall also pay additional rent in the form of all costs associated with the use and occupancy of the entire premises, which costs shall include, without limitation, utilities, taxes, insurance, garbage collection, snow removal, yard care and maintenance and maintenance of the building.

If the Lease is renewed, then during the option term base rent will be paid at the rate of \$20.00 per member per month payable on or before the 1st of each month for the additional term. The Board of Directors may increase the monthly homeowner association dues as needed to meet this obligation.

IV. Repairs. Tenant shall keep the building, premises and all appurtenances connected with either the building or land, in good repair, specifically including replacing all broken glass with glass the same size and quality of that broken. Tenant shall keep the entire premises, including the adjacent parking areas in a clean and healthful condition and in good repair according to the ordinances of the City of Brookings and the direction of appropriate public officials. All expenses for the repair and maintenance of the premises, including the building, shall be at Tenant's own expense. Upon termination of this Lease, Tenant shall yield the premises to Landlord in good condition and repair, ordinary wear and tear excepted.

At the expiration of the initial term and in the event Tenant elects to exercise its option to renew, Tenant shall replace all carpeting and window treatments within the building. Tenant shall also paint all interior surfaces of the building. In the event Tenant shall have replaced or repainted within five (5) years prior to its exercise of the option to renew, Tenant shall not be required to make the repairs described above.

V. Alterations. Tenant may, at its sole expense, make alterations (collectively, "Alterations") to the Premises as it may from time to time desire. Prior to commencing any work as allowed by this section, Tenant shall submit plans of the proposed alterations to Landlord for its review; Landlord's approval of said plans shall not be unreasonably withheld. Landlord assumes no liability of any kind for such Alterations to any contractor, subcontractor, laborer or material supplier. Tenant shall allow no mechanic's or materialman's liens to be filed against the Premises and shall obtain lien waivers from any individual or firm making alterations to the Premises. All such Alterations shall be done in conformity with the building laws of the city, county and state in which such Premises are located. No Alterations to or on the Premises shall be made that will endanger the safety of the Building. Any Alterations that become permanently affixed to the Premises shall remain on the Premises at the termination of the lease. Any Alterations shall be made in a good and workmanlike manner.

VI. Utilities. Tenant shall initiate, contract for and obtain, in its name, utility services required on the building and premises, including gas, electricity and telephone. The parties to this Lease Agreement understand and agree that water and sewer service to the premises is on the same line as the Association; the parties agree to execute any additional documents necessary to protect water and sewer service for each. Tenant agrees to pay all charges for utility services as they become due. If Tenant fails to pay the charges, Landlord may elect to pay them and the charges will be added to the rental installment next due. In the event of any such payment, Tenant will be charged a 15% administrative fee paying for such utility services in addition to the amount of such payment.

Landlord shall not have responsibility for any injury or damage resulting from the negligent operation or faulty installation of any utility services, nor shall Landlord be liable for any injury or damage suffered by Tenant as a result of the failure to make necessary repairs to the utility facilities. Tenant shall be responsible for any such injury or damage and shall indemnify and hold harmless Landlord for any such damages.

VII. Insurance. Tenant shall, during the term of this Lease Agreement and any other period of occupancy of the building and premises, at Tenant's sole cost and expense, procure and maintain a reasonable amount of insurance to cover the following:

1. Standard form property insurance, insuring against the

perils of fire, extended coverage, vandalism, malicious mischief and extended coverage (all risk). This insurance shall include coverage for any property owned by Tenant, stored on the premises, including without limitation, furniture, fixtures, and any other personal property. Landlord and any named mortgagee shall be furnished with a copy of the certificate of insurance and the policy shall contain endorsements requiring sixty (60) days written notice to Landlord and any named mortgagee prior to any cancellation or reduction in the amount of coverage.

2. Comprehensive general liability insurance insuring Tenant against any liability arising out of this Lease Agreement or the use, occupancy or maintenance of the demised premises and all areas appurtenant to the demised premises. Such insurance shall be in an adequate amount initially not less than one million dollars combined single limit for injury to or death of one or more persons in an occurrence and for damage to tangible property in any one occurrence. The insurance policy shall name the Landlord and any mortgagee of Landlord as insured parties as their respective interest may appear. Landlord and any named mortgagee shall be furnished with a copy of the certificate of insurance and shall contain endorsements requiring sixty (60) days written notice to Landlord and any named mortgagee prior to any cancellation or reduction in the amount of coverage. Any such coverage shall be primary and not contributing with any insurance carried by the

Landlord.

3. Worker's Compensation and Employer's Liability Insurance as required by the State of South Dakota to the extent as may be required by South Dakota law in the event Tenant has employees at the building or premises.

All insurance policies shall be written in a form reasonably satisfactory to Landlord and with insurance companies reasonably satisfactory to Landlord. In the event of Tenant's failure to procure insurance as required herein, Landlord may do so and charge the same to Tenant, plus an administrative fee amounting to 15% of any payments made by the Landlord.

VIII. Indemnification. Tenant shall indemnify, defend and hold Landlord harmless from any and all claims and damages (including reasonable attorney's fees and costs) arising from Tenant's use of the building and premises or the conduct of any activities done, permitted or suffered by Tenant in or about the building and premises or the building, unless caused by Landlord, its agents or employees.

Tenant shall further indemnify, defend and hold Landlord harmless from any and all claims and damages (including reasonable attorney's fees and costs) arising from any breach or default of the terms of this Lease Agreement or arising from an act, negligence, fault or omission of Tenant or its agents, employees or invitees. In case any action or proceeding shall be brought

against Landlord by reason of any such claim, Tenant, on notice from Landlord, shall defend it at Tenant's expense by counsel approved in writing by Landlord.

IX. Taxes. Tenant shall pay and discharge when due, as part of the rental of the building and premises, all state, municipal and local taxes, assessments, levies or other charges, general and special, ordinary and extraordinary or whatever name, nature and kind that are or may be during the term of this Lease Agreement or any renewal levied, assessed, imposed or charged on the building and premises, including any other improvements.

All such taxes, assessments and levies shall be paid by the Tenant in the name of Landlord. Tenant agrees upon demand, to produce and exhibit receipts to Landlord showing payment as agreed by Tenant. In the event Tenant fails to pay any such taxes or assessments, Landlord may do so and charge the same to Tenant, plus an administrative fee of 15% of any taxes paid by Landlord.

Tenant may contest the assessment of any tax and defer payment of tax so long as the validity of such item shall be contested by Tenant in good faith and by appropriate and timely legal proceedings. Tenant shall furnish any necessary bond or other security to the satisfaction of Landlord securing payment of such taxes or assessments. Landlord agrees to cooperate with any proceeding contesting the amount of such taxes or assessments, but any expenses shall be paid by Tenant.

X. Use of Premises. The Premises shall be used by the Tenant as a community building for its members, their guests or others for a fee. Tenant agrees to comply with all applicable laws, ordinances, and regulations in connection with its intended use of the premises. Tenant further agrees to adopt and maintain reasonable use regulations for the building to include a schedule of charges for the guest suite, private parties and other functions at the building.

XI. Assignment. Tenant shall not assign this Lease Agreement or any interest in this Lease Agreement or sublet the building and premises or any part of the premises or any right or privilege appurtenant to the building and premises or allow any person other than Tenant, Tenant's members and invitees, to occupy or use the building and premises without first obtaining Landlord's written consent. Landlord's consent to one assignment, sublease, occupancy or use shall not be deemed a consent to any subsequent assignment or sublease, occupancy or use. This provision shall not be construed to prohibit Tenant from renting the building for short term events. Any unauthorized assignment or sublease shall be void and shall terminate this Lease Agreement at Landlord's option.

XII. Default. If either party shall default hereunder, the other party may terminate this lease upon not less than thirty (30) days prior written notice. In the event of Tenant's failure to pay base and additional rents, as do hereunder, for more than ten (10) days after written notice of such default, Landlord may terminate the Lease and

resort to any and all legal remedies, or combination of remedies which the Landlord may desire to employ.

If either party hereto fails or refuses to perform or observe any provision of this Lease on its part to be performed or observed, the other party may perform or observe such provision and the party so failing or refusing shall immediately pay to the other party an amount equal to the cost of such performance or observance.

XIII. Notice. All notices, requests, demands and other communications which may or are required to be served or given under this Agreement shall be in writing and shall be sent by registered or certified mail, postage prepaid as follows:

To Landlord: PRAIRIE HILLS, L.L.C.
1323 Main Avenue South
Brookings, SD 57006

To Tenant: THE LANDING HOMEOWNERS ASSOCIATION, INC.
1323 Main Avenue South
Brookings, SD 57006

XIV. Miscellaneous.

A. Laws of the State of South Dakota shall govern the interpretation, validity and performance of this Lease. If any provision of this Lease shall be held invalid or unenforceable, the remaining provisions of this Lease shall not be affected thereby.

B. In the event of a dispute hereunder, and either party institutes an action or proceeding against the other, the prevailing party shall recover reasonable attorney's fees and court costs from the other, in addition to any other recovery.

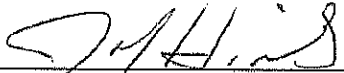
C. The terms, provisions and covenants contained in this Lease shall apply to and inure to the benefit of and be binding upon the parties, their respective heirs, successors and assigns.


D. Landlord shall have the right, but no obligations, to install a sign advertising the development within the boundaries of Lot 1 or adjacent land owned by Landlord. In the event such sign is installed, maintenance of the sign and landscaping/ irrigation shall be performed by the Tenant.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed and delivered as of the day and date first written above.

LANDLORD:
PRAIRIE HILLS, L.L.C.

TENANT:
THE LANDING HOMEOWNERS
ASSOCIATION, INC.

BY: 
ITS: MANAGER

BY: 
ITS: PRESIDENT